

Remedy 1: Price transparency for whole sector – SAIF proposal

- **Context:** SAIF has amended its Code of Practice on 6 October 2020 to strengthen the price transparency requirements for its members. SAIF strongly believes that the same set of requirements, which it terms **Option 4**, can be applied across the industry.
- **Proposal:**
 - > *All* Funeral Directors to disclose prices for **simple** and **unattended funerals** on a **digital forum** (own website, Facebook, a price comparison website).
 - > Including **Funeral Director's fees plus core** (or necessary) **disbursements** only
 - > crematorium fees or burial fees
 - > celebrant fees
 - > doctors' fees
 - > Rationale: these are prices that are standard and updated quarterly or annually by suppliers w/o requiring constant monitoring by Funeral Directors.
 - > Where disbursements are not included, this should be stated.
 - > Remedy requiring disclosure of standard packages where one is offered.

Remedy 1: distortion / consumer harm risk of standard package

- **New Option 3:** a remedy requiring disclosure of standard packages *only where one is offered appears* superficially light-touch (no obligation to have one, just display it if the supplier has one) but may have distortive effects.
- See FCA and behavioural economics learning on reference points and framing effects. Same effect as a industry price cap that does not mandate charging at the level of the cap
- CMA remedy incentivises ‘standard’ to becomes an *industry standard*
 - > CMA and other promotion of remedy leads consumers to think: *why would I give my deceased less than the standard package? Are they not worth at least that?*
 - > Any customer that does shop around Corporates vs. IFD asks: *what is your standard package?*
 - > Leads to over-specification of funerals away from *simple* towards *simple-plus = standard*.
 - > Same effect as price convergence towards a cap for those *below* that cap.
 - > Consumer detriment: incentivises *higher average price/funeral* than if the only reference points are *low-cost* (simple or unattended). Bad for consumers. Risks worst kind of unintended consequence, if realised.

Remedy 2: quality standards for whole sector – SAIF proposal

- **Context:** SAIF already regulates its members, conducts quality checks on an annual basis, positively supports its members to meet the SAIF Code of Practice requirements, meaningful relationships, enormous goodwill.
- **Proposal:**
 - > Option 1. Industry-wide regardless of size:
 - > SAIF (and possibly also the NAFD) working with the CMA and other stakeholders to develop a Code of Conduct that applies to all funeral directors in the UK.
 - > Once such Code of Conduct is agreed, the CMA or other regulatory body delegating the inspection authority to SAIF (the selection of which could take place via a tender). Pursuant to such delegation, SAIF would inspect all funeral directors (allocated to it) and then report back to the CMA.
 - > No requirement for SAIF membership, simply that SAIF should have CMA delegated authority to inspect both its members and non-members (~ CMA's Monitoring Trustee).
 - > Option 2. As above but regime applies only to SME/IFD sector and separate regime for corporates and 'unregulated' SME/IFD sector (non-SAIF, non-NAFD members)

Remedy 3: reporting obligations – SAIF proposal

- **Proposal:** remedy should only apply to **medium-sized SMEs and above** (i.e. employ 50 or more full-time employees*) not to **micro SMEs** or **small SMEs**.
- Proportionality **rationale:**
 - AEC remedy must be proportionate (assuming AEC is made out for micro and small SMEs, which SAIF does not accept is the case based on the PDR)
 - A threshold based on employees is more likely to ensure that this reporting obligation captures the larger end of the SME spectrum and beyond (which SAIF considers that the CMA was attempting to capture with its branches threshold)
 - Reporting obligations are onerous for micro and small businesses, particularly for those businesses that would hit the branches thresholds but have only a small number of employees
 - Medium-sized SMEs can more easily absorb the costs associated with ongoing reporting. Also more likely to have accountants who are able to prepare such reports without requiring a micro/small SME to engage an external service provider (as occurred with the CMA's Financial Questionnaire)

*determined in accordance with the European Commission SME definition

Suggested Prompt Remedy

Compare: event- or situation-based prompt as per Banking MIR para. 13.80

Leaflet: Banking MIR promotional material as inspiration

- Proposal:** all funeral directors to provide a leaflet (prepared by the CMA) to customers during their first in-person meeting / with first written material given to consumer, covering, amongst others:
 - Nudge: summary of CMA's investigation and key findings (incl. where higher prices charged), coupled with encouragement to shop around to save money -- without this meaning the need to choose a lower quality funeral
 - Q&A that funeral directors must include (e.g. ultimate owner, do they mark-up on disbursements) in their own materials
- Rationale:**
 - Consumer harm (AEC) in CMA PDR primarily attributable to overcharge by corporates and lack of customer engagement
 - A leaflet would prompt customers to shop around
 - A leaflet will assist SMEs funeral directors to compete with larger corporates given more active customer engagement
 - Makes consumers aware of positive CMA impact and bolsters existing package in lieu of price cap

